

CornTalk

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A
Publication
of the
Nebraska
CornBoard
NebraskaCorn.org

Nebraska's
Family Corn
Farmers

McDaniel Family
Roca, Nebraska

95% of the world's population lives outside the United States.

Now you know why
exports are so
important to
Nebraska!

Agriculture has been one of the few bright spots in America's balance of trade over the past few years. The reason: American grain and meat are of the highest quality—and are in demand around the world. Nebraska enjoys a more robust economy from border to border, thanks in great part to international markets for beef, pork, and corn products.

Even with the increased demand for corn due to ethanol production in the U.S., one out of six rows of corn in Nebraska is exported. Corn-fed beef and pork are also in high demand overseas as developing nations improve their standard of living and, as a result, want to satisfy their appetite for high quality protein.

Through their corn checkoff program, Nebraska corn farmers support the international marketing efforts of two major organizations: the U.S. Meat Export Federation and the U.S. Grains Council. In this issue of *CornsTALK*, we highlight the impact that exports of corn and red meat have on Nebraska agriculture and Nebraska's economy.



A display case at a Seiyu store in Tokyo features U.S. beef. Seiyu is Wal-Mart's Japanese brand. The U.S. Meat Export Federation helped coordinate this in-store promotion.

Reopening of **Japan** Market Beefs Up Nebraska Economy

DECEMBER 2003: A case of bovine spongiform encephalopathy (BSE)—commonly referred to as “mad cow disease”—is discovered in the United States.

Virtually overnight, America’s number one customer—Japan—essentially closes its doors to U.S. beef. The impact is felt immediately in Nebraska, where beef production and corn farming are key economic drivers for the state.

Ten years later, Japan finally reopened its doors for U.S. beef aged 30 months or younger. Up until January 2013, only 20 month or younger beef was allowed, which severely restricted the amount of U.S. beef available to Japan. *(See sidebar)*

“It has been almost a decade since Japanese consumers have had ready access to corn-fed American beef—and we need to reintroduce them to the quality, flavor and availability of our product, and also thank them for their business,” said Mark Jagels of Davenport, a member of the Nebraska Corn Board and the chair-elect of USMEF.

The Nebraska Corn Board helped fund a corn and beef mission to Japan in July 2013, which included Jagels, Nebraska Corn Board chairman Tim Scheer of St. Paul, and representatives of the Nebraska Corn Growers Association and the Nebraska Cattlemen.

For all practical purposes, American beef has been out of the Japanese market in the ten years since the BSE scare. “Australia and New Zealand have been very aggressive in promoting their product into Japan, but their grass-fed beef just doesn’t compare to corn-fed American beef,” Jagels said. “We need to reintroduce Japanese consumers to the robust flavor of American

corn-fed beef—and teach them ways to prepare and enjoy convenient, delicious dishes featuring U.S. beef.”

Every pound of beef exported from Nebraska represents 2.5 to 3.0 bushels of corn used to feed that animal. “A strong export market adds value to every pound of beef and pork we produce in Nebraska—and every bushel of corn and soybeans we grow,” Jagels added. “Many of these international markets have a taste for cuts that simply aren’t consumed here in the U.S. For example, a pound of beef tongue that is sold for \$1.50 here goes for \$7.00 in Japan. That adds value to every Nebraska beef carcass—and those dollars resonate border to border throughout our state economy.”

“Business in Japan is very much about face-to-face meetings, building trust and establishing relationships,” Jagels said. “It is critically important that our customers have the opportunity to see who is raising the beef they consume. It’s equally important that Nebraska corn and beef producers witness the impact that their investment in USMEF is having on rebuilding the market for U.S. beef in Japan.”

The group returned to Nebraska optimistic about the prospects for regaining market share for U.S. beef in Japan. “It’s clear that Japanese importers are very excited and relieved to have American beef back in the marketplace,” Jagels said. “Since Nebraska is a national leader in beef production, regaining the Japanese market will have a tremendous positive effect on our state’s livestock industry and our state’s entire economy.”

For a detailed blog and photos from the mission, visit midwestcorngrowers.blogspot.com

Cameras in hand, Japanese food bloggers rush the stage as Japanese food TV star Rika Yukimasa prepares U.S. beef.



A Japanese consumer checks out the meat counter at a Tokyo grocery store.

What Has Happened in JAPAN?

In January 2013, Japan agreed to permit imports of U.S. beef from animals aged 30 months and younger, up from an earlier restriction of 20 months and younger that was adopted after a 2003 “mad-cow disease” scare involving one case of the disease, bovine spongiform encephalopathy (BSE), in Washington involving a Canadian-born cow. Because of the ban on U.S. beef over 20 months of age, exports to Japan plummeted—and supplies of American beef became inconsistent or non-existent.

Now that the restriction has been raised to the 30-month level, about 95 percent of U.S. beef now qualifies for import into Japan.

“This change is huge for Nebraska beef producers and the corn farmers and ethanol plants that provide them with feed,” said Mark Jagels of Davenport. “Already Japan is on track to regain its historic place as the number one customer for U.S. beef.”

During the weeklong trade mission, the Nebraska team:

- Met with several of the top Japanese importers of U.S. beef to discuss their outlook for increased business and their expectations in terms of quality, service and delivery;
- Visited retail establishments to see how U.S. beef and competitive products are being displayed, marketed, packaged and promoted;
- Met with key restaurant chains that feature U.S. beef on their menus, including one chain that specializes in beef tongue (with 30+ different tongue items on the menu!);
- Took part in an event targeted to influential Japanese food bloggers, featuring Rika Yukimasa, a major Japanese TV celebrity who prepared dishes with U.S. beef and pork;
- Attended a USMEF-led seminar and tasting session for 640 Japanese meat buyers;
- Saw a major advertising campaign for U.S. beef in Tokyo station, one of the largest metro transit stations in that city of 30 million people;
- Toured the Yokohama port facility, through which a large volume of U.S. beef enters Japan;
- Visited a food processing facility that transforms U.S. beef into ready-to-eat convenience meals;
- Visited Japan's largest cold storage facility, which featured a large inventory of American beef and pork—as well as products from a number of competitor nations;
- Witnessed a beef carcass auction at the Sendai meat market, where highly marbled Wagyu beef produced in Japan was commanding as much as \$12,000 for a 950-lb carcass; and
- Visited a Wagyu beef farm where these highly prized animals are fed for two years on a ration including rice straw before being sent to market.

A billboard in Tokyo station announces the return of U.S. beef to the Japanese market.



Hundreds of beef tongues from the U.S. thaw in a Japanese food processing plant.



A Wagyu beef carcass is auctioned at the Sendai meat market.



Nebraska Corn & Beef Japanese Hip-Hop H

KATSURA ISLAND, JAPAN—In the Japanese language, the phrase “to eat” is written using Chinese characters that literally mean “making people well”—and the Nebraska beef mission team saw the power of that phrase at work during its visit to a small island off the coast of Shiogama, Japan.

On March 11, 2011, the residents of Katsura Island had about one hour's notice that the tsunami was headed their way. None of them chose to leave. The younger folks on the island gathered the elderly and got everyone to the highest-most point on the island—an elementary school. From this vantage point, the villagers watched as the tsunami destroyed much of the island and wreaked havoc on the small boats, oyster beds and seaweed beds on which they relied for their livelihood.

Inside this bay, which is dotted with islands, the tsunami was not the 90-foot wave that hit the coast directly, but was no less devastating as water came in from every direction and brought waves 15 to 20 feet high that wiped out much of the housing on the island and damaged piers and boats.

Since the disaster, the younger people who used to live on the island have left—leaving only about 100 people, with the youngest being around 50 years of age. Many of this elderly population are living in temporary housing and just recently have been able to resume their seaweed and oyster harvesting operations more than two years later.

The Nebraska Corn Board and Nebraska Beef Council were among the first U.S. commodity organizations to be in Japan with support for the islanders and to other Japanese victims of the tsunami. Working with the U.S. Meat Export Federation, these Nebraska groups helped provide beef and pork and other foodstuffs to the remaining islanders.

During its corn and beef mission to Japan in July 2013, the Nebraska team took a boat out to Katsura Island where it was greeted at the pier by a ragtag bunch of young men with small pickups who took them to the top of the island. It turns out that this group of fun-loving guys is making a huge difference to the people of Katsura Island.

When the disaster hit the island, Masahiro “Masa” Oodo, a well-known Japanese hip-hop record label executive, decided something needed to be done. So he reached out to his music industry and urban culture pals across Japan to join him in a relief effort for this island—and they came from near and far. They named themselves “Bond & Justice.”

The Bond & Justice group visits the island about twice per month, coming from all across Japan to help continue the clean up, prepare meals and provide the social interaction and connection with the world that the remaining residents crave and need.



Producers Assist eroes with Relief Effort

Setting up shop on the steps of the hilltop elementary school during the Nebraska team's visit, this crew grilled U.S. beef, prepared salads and vegetables and poured libations.

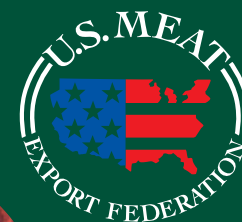
"We were amazed how quickly we connected with the selfless young musicians and the courageous people who live on the island—and there were teary eyes and lumps in throats as we boarded our boat back to the mainland," said Tim Scheer of St. Paul, Neb., chairman of the Nebraska Corn Board. "Clearly, we all had a very powerful and personal experience—and were touched at the dedication and selflessness of a group of young people. Nebraska corn farmers and beef producers should be proud that they have been able to help with this important relief effort."



Residents of Katsura Island enjoy a meal with the Nebraska beef team.



Some 650 Japanese meat buyers sample U.S. beef and pork during a meat seminar and tasting session.



The U.S. Meat Export Federation (USMEF) is a nonprofit trade association working to create new opportunities and develop existing international markets for U.S. beef, pork, lamb and veal. Headquartered in Denver, USMEF has offices in Seoul, Tokyo, Beijing, Hong Kong, Shanghai, Singapore, Taipei, Moscow, St. Petersburg, Mexico City, Monterrey and Brussels. USMEF also has special market representatives covering China, the Middle East, Central and South America & the Caribbean.

Through their corn checkoff, Nebraska corn farmers help support the efforts of USMEF to promote U.S. red meat around the world. USMEF has been instrumental in accelerating consumer acceptance and awareness of U.S. beef since the reopening of the market in January 2013.

usmef.org

Masahiro "Masa" Oodo, the leader of Bond & Justice, mugs for the camera as he grills Nebraska beef for the Nebraska beef team and the residents of tsunami-stricken Katsura Island.

Corn Exports Critical to Nebraska

In the not-so-distant past, the prospects for Nebraska's corn farmers hung on the political whims of nations using trade as a power play. A grain embargo implemented by Russia, for example, could throw grain markets into a tailspin. While trade is still used as a bargaining chip among nations, its impact on grain markets has been lessened somewhat through U.S. corn farmers' focus on adding value domestically through livestock production, biofuels and industrial uses for corn—creating greater demand across a variety of sectors.

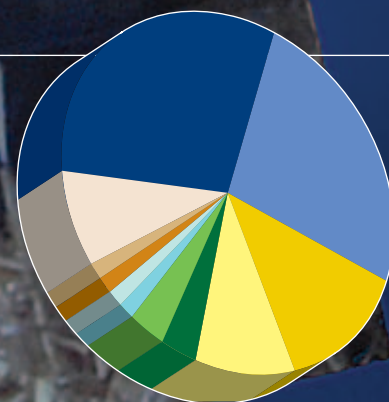
Still, exports remain an important component of the U.S. corn market portfolio. "The equivalent of one in six rows of corn in Nebraska is exported," said Alan Tiemann of Seward, a member of the Nebraska Corn Board and secretary-treasurer of the U.S. Grains Council (USGC). "There is no question that corn prices are enhanced by the demand in the international marketplace."

Through their checkoff, Nebraska corn farmers support the efforts of the U.S. Grains Council in building demand for corn around the world. (See sidebar).

Global competition in corn exports has grown significantly over the past four years, driving the U.S. share of the market down to about 50 percent. Since 1990, the amount of corn grown outside the U.S. has increased from 11 billion bushels to nearly 22 billion bushels in 2012.

"Brazil and Argentina are formidable competitors, but other areas such as the Black Sea region, Paraguay, South Africa, Thailand and China are emerging as well," Tiemann added. "We're using more and more corn domestically, which is creating opportunity for other nations to fill the void. That's why it's even more important that we redouble our efforts to maintain and build international markets for our product."

As emerging nations become more prosperous, their appetite for protein—poultry, pork and beef—grows as well. USGC is working around the world to help farmers grow their flocks and herds, which in turn increases demand for feed grains such as corn. From water buffalo in Morocco to turkeys in Canada to pigs in South Korea, USGC has been extremely successful in demonstrating the outstanding feed value of American feedgrains.



The U.S. Grains Council, in partnership with the Renewable Fuels Association, attracts hundreds of people from around the world to its Export Exchange event, which connects international grain buyers with U.S. grain sellers.

As the ethanol industry has grown in Nebraska and the U.S., so has the supply of distillers grains, a high protein value animal feed that is a co-product of ethanol production. As a result, USGC has also begun building international markets for dried distillers grains (DDG). A shining example is China, which four years ago imported no DDG—and today is the number one customer in the world for DDG from the U.S. Mexico ranks second.

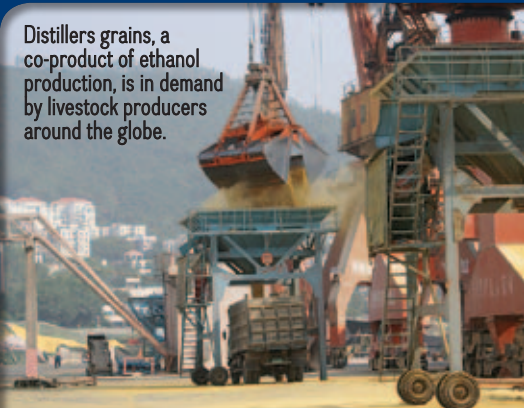
“Instead of simply shipping raw corn overseas, DDG is a product that adds value here at home,” Tiemann said. “DDG exports help build markets for Nebraska ethanol producers as well, and that helps create profit opportunities to keep these plants running and energizing our rural economy.”

Tiemann said it’s critical that Nebraska corn farmers continue to invest in international market development. “We’re going to have more than nine billion people to feed by 2050, and Nebraska can and should play a big part in meeting that demand,” he said. “By encouraging fair trade and staying in front of international customers, we can make sure we feed the world—and create economic vitality right here in Nebraska.”

TOP U.S. CUSTOMERS FOR CORN

Country	Metric Tons	% of U.S. Exports
Japan	11,748.6	31.0%
Mexico	9,537.5	25.2%
China	5,174.1	13.6%
Korea	3,635.3	9.6%
Venezuela	1,280.1	3.4%
Taiwan	1,265.4	3.3%
Costa Rica	575.7	1.5%
Guatemala	549.1	1.4%
Egypt	544.9	1.4%
Canada	487.2	1.3%
Others	3,117.1	8.2%
TOTAL	37,915.0	

2011/12 Marketing Year Ending August 31, 2012



Distillers grains, a co-product of ethanol production, is in demand by livestock producers around the globe.



Grain exports help developing nations enjoy greater food security as they work to increase their own agricultural production.



Foreign trade teams visit Nebraska frequently to learn more about the quality, abundance and reliability of the state's corn crop.



The U.S. Grains Council helps foster the development of livestock production in foreign nations as a way to increase demand for U.S. feed grains.



U.S. GRAINS COUNCIL

The U.S. Grains Council develops export markets for U.S. barley, corn, grain sorghum and related products. The Council believes exports are vital to global economic development and to U.S. agriculture’s profitability.

Founded in 1960, the U.S. Grains Council is a private, non-profit corporation with nine international offices and programs in more than 50 countries. Its unique membership includes producer organizations, commodity checkoff programs (including the Nebraska Corn Board) and agribusinesses with a common interest in developing export markets. Membership funds trigger matching market development funds from the U.S. government and support from cooperating groups in foreign countries to produce an annual development program valued at more than \$28 million.

grains.org

3 Things Every Nebraskan Should Know About the Farm Bill

At the time of this publication, Congress was still debating a Farm Bill. Without a Farm Bill, it's difficult for Nebraska farmers and ranchers to plan for their business. And since agriculture is Nebraska's largest industry, this Congressional inaction has a direct effect on our state's economic success.

The Farm Bill is vast and complicated. But here are three things you should know:

- 1 About 80 percent of the Farm Bill's cost is for nutrition programs, primarily the Supplemental Nutrition Assistance Program (SNAP)—which was commonly known as “food stamps.” (Maybe it should be called the “Food Bill”?)
- 2 The Farm Bill includes funding for foreign market development and market access programs that enable groups such as the U.S. Meat Export Federation and U.S. Grains Council to do their jobs in building global demand for U.S. red meat and grain.
- 3 Crop insurance is a cost-share arrangement, with the federal government paying a portion of the insurance premium and the farmer paying another portion. Without government backing, it's unlikely that any insurance company would offer the coverage—and the nation's food and commodity supply would be at risk. Additionally, the payments are made to crop insurance companies, not to farmers.

Nebraska Farmers in National Leadership Roles



Mark Jagels

Nebraska's leadership in corn, beef and ethanol production doesn't stop at the state border. Nebraska corn farmers have a long history of serving as national leaders in key trade and membership associations. Currently, two Nebraska Corn Board directors are in the queue to assume the chairmanship of two major organizations.

Mark Jagels of Davenport is the chair-elect of the U.S. Meat Export Federation, a Denver-based association focused on building international markets for U.S. beef, pork and lamb.



Alan Tiemann

Alan Tiemann of Seward has been elected secretary-treasurer of the U.S. Grains Council, a Washington, DC-based group that builds global demand for U.S. corn, sorghum, barley and distillers grains.



Jon Holzfaster

Additionally, Jon Holzfaster of Paxton serves on the National Corn Growers Association (NCGA) board of directors. NCGA is a membership association that represents corn industry interests in Washington, DC and works to create market opportunities for America's corn farmers.

Other Nebraska Corn Board members serve on a wide variety of national committees, action teams, and other working groups—providing talent, time and commitment to advancing the cause of agriculture in Nebraska and the nation.



District 1
Dave Bruntz
Friend, NE



District 6
Dennis Gengenbach
Smithfield, NE



District 2
Mark Jagels
Davenport, NE



District 7
David Merrell
St. Edward, NE



District 3
Curtis Friesen
Henderson, NE



District 8
Jon Holzfaster
Paxton, NE



District 4
Debbie Borg
Wakefield, NE



At-large
Alan Tiemann
Seward, NE



District 5
Tim Scheer
St. Paul, NE



Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.



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